
SENATE BILL No. 445

DIGEST OF INTRODUCED BILL

Citations Affected: IC 9-13-2; IC 9-25-8-2; IC 9-25-11.

Synopsis: Motor vehicle insurance cancellation. Requires an insurer, upon cancellation of a motor vehicle liability policy that covers a motor vehicle registered in Indiana, to provide certain notice to the bureau of motor vehicles (bureau) and the policyholder. Requires the policyholder to provide certain information to the bureau. Authorizes the bureau to suspend a vehicle registration if the policyholder fails to provide the information. Amends the penalties for operating a motor vehicle without financial responsibility.

Effective: July 1, 2011; July 1, 2012.

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January 12, 2011, read first time and referred to Committee on Homeland Security, Transportation & Veterans Affairs.

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First Regular Session 117th General Assembly (2011)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2010 Regular Session of the General Assembly.

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SENATE BILL No. 445



A BILL FOR AN ACT to amend the Indiana Code concerning motor vehicles.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 9-13-2-18.3 IS ADDED TO THE INDIANA CODE
- 2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 3 1, 2012]: **Sec. 18.3. "Canceled", with respect to a motor vehicle**
- 4 **liability policy for purposes of IC 9-25-11, means the policy:**
- 5 (1) **is terminated at the election of the policyholder before the**
- 6 **expiration of the term for which the policy was issued or**
- 7 **renewed; or**
- 8 (2) **expires or is canceled by the insurer due to the failure of**
- 9 **the policyholder to pay the premium for the policy.**
- 10 SECTION 2. IC 9-13-2-39.4 IS ADDED TO THE INDIANA CODE
- 11 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 12 1, 2012]: **Sec. 39.4. "Covered motor vehicle", for purposes of**
- 13 **IC 9-25-11, means a motor vehicle that is referred to specifically in**
- 14 **a motor vehicle liability policy by the:**
- 15 (1) **name of the manufacturer;**
- 16 (2) **name of the model; and**
- 17 (3) **identification number;**



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of the motor vehicle.

SECTION 3. IC 9-13-2-77.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]: **Sec. 77.8. "Indiana motor vehicle liability policy", for purposes of IC 9-25-11, means a motor vehicle liability policy that applies to at least one (1) covered motor vehicle that is, according to the information possessed by the insurer, registered in Indiana under IC 9-18.**

SECTION 4. IC 9-25-8-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2011]: Sec. 2. (a) A person who knowingly:

- (1) operates; or
- (2) permits the operation of;

a motor vehicle on a public highway in Indiana commits a ~~Class A infraction~~ **Class C misdemeanor** unless financial responsibility is in effect with respect to the motor vehicle under IC 9-25-4-4. However, the offense is a ~~Class C~~ **Class B** misdemeanor if the person knowingly or intentionally violates this section and has a prior unrelated conviction or judgment under this section.

(b) Subsection (a)(2) applies to:

- (1) the owner of a rental company that is referred to in IC 9-25-6-3(e)(1); and
- (2) an employer that is referred to in IC 9-25-6-3(e)(2).

(c) In addition to any other penalty imposed on a person for violating this section, the court may recommend the suspension of the person's driving privileges for one (1) year. However, if, within the five (5) years preceding the conviction under this section, the person had a prior unrelated conviction under this section, the court shall recommend the suspension of the person's driving privileges for one (1) year.

(d) Upon receiving the recommendation of the court under subsection (c), the bureau shall suspend the person's driving privileges for the period recommended by the court.

SECTION 5. IC 9-25-11 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]:

Chapter 11. Notification of Insurance Cancellation

Sec. 1. (a) If an insurer that issued an Indiana motor vehicle liability policy is informed or decides that the Indiana motor vehicle liability policy is:

- (1) canceled; or**
- (2) to be canceled;**

the insurer shall notify the bureau of the cancellation of the

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Indiana motor vehicle liability policy.

(b) A notice provided to the bureau under this section must include the following information:

- (1) The name and mailing address of the insurer.**
- (2) The date on which the cancellation of the Indiana motor vehicle liability policy took effect or will take effect.**
- (3) The name and mailing address of each policyholder of the Indiana motor vehicle liability policy.**
- (4) The following information about each covered motor vehicle under the Indiana motor vehicle liability policy:**
 - (A) The name of the manufacturer of the motor vehicle.**
 - (B) The name of the model of the motor vehicle.**
 - (C) The identification number of the motor vehicle.**

(c) An insurer shall provide a notice to the bureau under this section not more than ten (10) business days after the insurer is informed or decides that the Indiana motor vehicle liability policy is canceled or is to be canceled.

(d) A notice required by this section must be sent to the bureau by:

- (1) first class mail; or**
- (2) a means that transmits the notice to the bureau at least as quickly as first class mail.**

Sec. 2. (a) When an insurer provides notice to the bureau of the cancellation of an Indiana motor vehicle liability policy under section 1 of this chapter, the insurer shall simultaneously notify each policyholder of the Indiana motor vehicle liability policy that the insurer is providing the notice to the bureau.

(b) A notice provided to a policyholder under this section must be sent by:

- (1) first class mail; or**
- (2) a means that transmits the notice to the policyholder at least as quickly as first class mail.**

(c) A notice provided to a policyholder under this section must include the following statement or the substantial equivalent of the statement:

"The Indiana Bureau of Motor Vehicles is being notified of the cancellation or expiration of your motor vehicle policy. Indiana law requires you to continuously maintain financial responsibility with respect to your motor vehicle for as long as you operate your motor vehicle on the public highways of Indiana. If you relied on this motor vehicle policy to satisfy the financial responsibility requirement and you intend to

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1 continue operating your motor vehicle on the public highways
2 of Indiana, you must obtain a new motor vehicle policy to
3 satisfy the financial responsibility requirement, or satisfy the
4 requirement through another means allowed by law. Not
5 more than twenty (20) business days after you receive this
6 notice, you must inform the Indiana Bureau of Motor Vehicles
7 of the manner, if any, in which you are going to maintain
8 financial responsibility with respect to your motor vehicle.".

9 Sec. 3. (a) Not more than twenty (20) business days after
10 receiving a notice provided by an insurer under section 2 of this
11 chapter, the person to whom the notice was addressed must notify
12 the bureau, according to rules adopted by the commission under
13 section 6 of this chapter, of the means by which the person will
14 continue to satisfy the financial responsibility requirements of this
15 article with respect to the person's motor vehicle.

16 (b) A person who maintains financial responsibility with respect
17 to a motor vehicle by obtaining a new Indiana motor vehicle
18 liability policy may comply with subsection (a) by notifying the
19 bureau by first class mail or a means that transmits the notice at
20 least as quickly as first class mail by a written statement that:

21 (1) sets forth the:

- 22 (A) name of the manufacturer, name of the model, and
- 23 identification number of the motor vehicle;
- 24 (B) policy number of the new Indiana motor vehicle
- 25 liability policy; and
- 26 (C) name and address of the insurer issuing the new
- 27 Indiana motor vehicle liability policy; and

28 (2) is signed by the:

- 29 (A) person obtaining the new Indiana motor vehicle
- 30 liability policy; and
- 31 (B) insurance producer through which the new Indiana
- 32 motor vehicle liability policy is issued.

33 (c) A person who maintains financial responsibility with respect
34 to a motor vehicle by a means specified in IC 9-25-4, other than
35 obtaining a new Indiana motor vehicle liability policy, may comply
36 with subsection (a) by notifying the bureau by first class mail or a
37 means that transmits the notice at least as quickly as first class
38 mail by a written statement that sets forth the:

- 39 (1) name of the manufacturer, name of the model, and
- 40 identification number of the motor vehicle; and
- 41 (2) means specified in IC 9-25-4 by which financial
- 42 responsibility will be maintained, including the:

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1 (A) bond to be filed with the bureau under IC 9-25-4-9; or
 2 (B) receipt to be delivered to the bureau under
 3 IC 9-25-4-10.
 4 (d) A person who:
 5 (1) receives a notice provided by an insurer under section 2 of
 6 this chapter concerning the cancellation of an Indiana motor
 7 vehicle liability policy; and
 8 (2) has ceased to operate or intends to cease operating the
 9 motor vehicle covered under the Indiana motor vehicle
 10 liability policy;
 11 may satisfy the requirements of subsection (a) by notifying the
 12 bureau by first class mail or a means that transmits the notice at
 13 least as quickly as first class mail that the person has ceased or will
 14 cease operating the motor vehicle on the public highways of
 15 Indiana and that the person will not operate the motor vehicle in
 16 violation of the financial responsibility requirements of this article.
 17 Sec. 4. (a) If a person who:
 18 (1) is a policyholder of an Indiana motor vehicle liability
 19 policy that is canceled or is to be canceled; and
 20 (2) receives a notice from an insurer under section 2 of this
 21 chapter;
 22 does not comply with section 3 of this chapter, the bureau shall
 23 take action against the person under subsection (b).
 24 (b) Under the conditions set forth in subsection (a), the bureau
 25 shall do the following:
 26 (1) Immediately suspend the person's vehicle registration.
 27 (2) Demand that the person immediately surrender the
 28 person's vehicle registration to the bureau.
 29 (c) Upon receipt by the bureau of a notice required from a
 30 policyholder or former policyholder under section 3(b) or 3(c) of
 31 this chapter, the bureau shall reinstate a vehicle registration
 32 suspended under this section.
 33 Sec. 5. (a) The bureau may notify the insurance commissioner
 34 appointed under IC 27-1-1-2 of a violation by an insurer of section
 35 1 or 2 of this chapter.
 36 (b) The insurance commissioner may take action under
 37 IC 27-1-3 and IC 4-21.5 against an insurer that violates this
 38 chapter, including the suspension or revocation of the insurer's
 39 certificate of authority.
 40 Sec. 6. The commission shall adopt rules under IC 4-22-2 to
 41 implement this chapter. The rules must include provisions
 42 concerning the form and content of the:

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1 **(1) notice to be provided by an insurer to the bureau under**
2 **section 1 of this chapter;**
3 **(2) notice to be provided by an insurer to a policyholder or**
4 **former policyholder under section 2 of this chapter; and**
5 **(3) notice to be provided by a policyholder or former**
6 **policyholder to the bureau to comply with section 3 of this**
7 **chapter.**
8 **SECTION 6. [EFFECTIVE JULY 1, 2011] (a) The bureau of**
9 **motor vehicles commission shall adopt the rules required by**
10 **IC 9-25-11-6, as added by this act, before July 1, 2012.**
11 **(b) This SECTION expires July 1, 2012.**

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